

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Liberty Utilities
(CalPeco Electric) LLC (U933E) for
Approval of its 2016 Greenhouse Gas Cost
and Revenue Forecast and Reconciliation.

Application 15-08-007
(Filed August 3, 2015)

**DECISION REGARDING LIBERTY UTILITIES' 2016
GREENHOUSE GAS COSTS AND ALLOWANCE PROCEEDS**

Table of Contents

<u>Title</u>	<u>Page</u>
DECISION REGARDING LIBERTY UTILITIES' 2016 GREENHOUSE GAS COSTS AND ALLOWANCE PROCEEDS	2
Summary	2
1. Background	2
2. Procedural History	4
3. Discussion	5
3.1. Recorded and Forecast GHG Allowance Proceeds	8
3.2. Recorded and Forecast Administrative and Outreach Expenses	9
3.2.1. Administrative Expenses	9
3.2.2. Outreach Expenses	10
3.3. Recorded and Forecast Expenses Approved for Incremental Energy Efficiency (EE) and Clean Energy Programs	11
3.4. Recorded and Forecast EITE Customer Return	11
3.5. Volumetric Small Business Return	11
3.6. Residential California Climate Credit	12
3.7. Recorded and Forecast GHG Costs	13
3.8. Summary Table	14
4. Motions to Substitute Exhibit 1 and For Confidential Treatment of Exhibit 1	15
5. Motions to Supplement Testimony and Admit Previously Served Testimony into the Record	17
6. Categorization and Need for Hearings	17
7. Waiver of Comment Period	18
8. Assignment of Proceeding	18
Findings of Fact	18
Conclusions of Law	19
ORDER	20

DECISION REGARDING LIBERTY UTILITIES' 2016 GREENHOUSE GAS COSTS AND ALLOWANCE PROCEEDS**Summary**

This decision authorizes Liberty Utilities (CalPeco Electric) LLC, to incorporate: (1) forecast greenhouse gas (GHG) cap-and-trade-related costs and GHG allowance proceeds; and (2) reconciliation of recorded 2014 and 2015 GHG-related costs and allowance proceeds into 2016 customer rates. This decision authorizes the amounts of the California Climate Credit to be returned to eligible small business and residential customers in 2016. All forecasts approved in this proceeding are subject to reconciliation of costs and proceeds in subsequent proceedings. In addition, outreach and administrative expenses are subject to further reasonableness review at the time of the reconciliation.

1. Background

On August 3, 2015, Liberty Utilities (CalPeco Electric) LLC, filed Application (A.) 15-08-007 requesting authority to adjust its rates based on its 2016 forecasts of greenhouse gas (GHG) related costs and allowance proceeds related to California's Cap-and-Trade Program, and reconciliation of its recorded GHG costs and proceeds with forecasts from prior years.

Pursuant to the California Global Warming Solutions Act of 2006, Assembly Bill (AB) 32 (Stats. 2006, ch. 488), certain electric utilities, including Liberty Utilities, must participate in a Cap-and-Trade Program designed by the California Air Resources Board (ARB) to reduce GHG emissions. The state allocates GHG allowances to these electric utilities on behalf of ratepayers. The utilities are required to sell the allowances at ARB's quarterly auctions and return the allowance proceeds to customers pursuant to Public Utilities Code Section 748.5. The utilities also incur GHG costs both by purchasing allowances

for their own compliance obligation under the Cap-and-Trade Program and, indirectly, through GHG costs embedded in the price of wholesale electricity.

Rulemaking (R.) 11-03-012 addressed GHG-related costs and allowance proceeds for all investor-owned electric utilities, including Liberty Utilities. Decision (D.) 12-12-033¹ in R.11-03-012 required Liberty Utilities to file an annual application for approval of forecast GHG costs and allowance proceeds, including administrative and outreach costs, in order to calculate GHG costs, the volumetric small business Climate Credit, and the residential Climate Credit for inclusion in rates.²

Pursuant to D.12-12-033, five utilities³ filed 2014 GHG forecast applications and the five applications were consolidated (Consolidated Proceeding, A.13-08-002 et al.). The Phase 1 decision in the Consolidated Proceeding, D.13-12-041,⁴ was limited to information and approvals necessary to incorporate GHG costs and allowance proceeds into 2014 rates and to issue the first California Climate Credit.

In Phase 2 of the Consolidated Proceeding, the Commission issued D.14-10-033, as corrected by D.14-10-055 and D.15-01-024,⁵ which adopted

¹ *Decision Adopting Cap-and-Trade Greenhouse Gas Allowance Revenue Allocation Methodology for the Investor-Owned Electric Utilities* [D.12-12-033].

² D.12-12-033, Ordering Paragraph 23.

³ The five utilities are Southern California Edison Company, Pacific Gas and Electric Company, San Diego Gas & Electric Company, PacifiCorp, and Liberty Utilities (CalPeco Electric) LLC.

⁴ *Phase 1 Decision Adopting Cap-and-Trade Greenhouse Gas Program Cost and Allowance Revenue Forecasts for Incorporation into 2014 Electricity Rates* [D.13-12-041].

⁵ *Phase 2 Decision Adopting Standard Procedures for Electric Utilities to File Greenhouse Gas Forecast Revenue and Reconciliation Requests* [D.14-10-033]; *Order Correcting Error in Decision 14-10-033*

Footnote continued on next page

standard procedures for the five electric utilities to use in future applications forecasting GHG costs and allowance proceeds for inclusion in rates, and reconciling recorded GHG costs and allowance proceeds amounts with forecasts from prior years. D.14-10-033 requires Liberty Utilities to file its GHG forecast and reconciliation application annually, and if applicable, as part of its Energy Cost Adjustment Clause application.⁶

2. Procedural History

Liberty Utilities filed its 2016 GHG forecast and reconciliation application on August 3, 2015. Liberty Utilities concurrently filed a motion to file the confidential information included in Exhibit 1 attached to the application under seal. On August 3, 2015, Liberty Utilities also served prepared testimony supporting its application.

On September 11, 2015, the Office of Ratepayer Advocates (ORA) filed a protest to the application. ORA concurrently filed a motion to consolidate A.15-08-007 with A.15-05-008, Liberty's pending GRC application for the test year 2016 and two subsequent years. On September 23, 2015, ORA filed a motion to withdraw its protest.

On September 29, 2015, a prehearing conference (PHC) was held. At the PHC, the assigned Administrative Law Judge (ALJ) granted ORA's motion to withdraw its protest and denied ORA's motion to consolidate as moot. The ALJ

[D.14-10-055]; *Order Correcting Error in Decision 14-10-055 and Correcting Error in Decision 14-10-033* [D.15-01-024].

⁶ Liberty Utilities filed its Energy Cost Adjustment Clause application as part of its 2016 General Rate Case (GRC), A.15-05-008, on May 1, 2015. Liberty Utilities requested and was granted an extension of time to file its GHG forecast and reconciliation application.

also directed Liberty Utilities to correct information provided in Exhibit 1 and to re-file the corrected Exhibit 1.

On October 8, 2015, Liberty filed a motion for leave to withdraw the public and confidential versions of Exhibit 1 to the application and to substitute the corrected public and confidential versions of Exhibit 1. On the same day, Liberty Utilities filed a motion to supplement testimony and admit complete testimony into the evidentiary record.⁷

The Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo) was issued on October 15, 2015. After ORA's withdrawal of its protest, Liberty Utilities' application was uncontested. Therefore, the Scoping Memo explained that the only evidence anticipated in this proceeding was Liberty Utilities' offering of prepared testimony and supporting exhibits into evidence.

On November 6, 2015, Liberty Utilities submitted additional corrections to Exhibit 1 and filed a second motion for leave to withdraw the public and confidential versions of Exhibit 1 and to substitute the public and confidential versions of the corrected Exhibit 1. On the same day, Liberty Utilities served additional supplemental testimony and filed a motion to admit a complete copy of the testimony into the record.

3. Discussion

Liberty Utilities requests approval of its 2016 forecast GHG costs, 2016 forecast administrative and outreach expenses, 2016 forecast adjusted allowance proceeds, and reconciliation of its recorded 2014 and 2015 GHG costs. These forecasts and reconciliation determine the rate for the Carbon Pollution

⁷ Both of these motions are dated October 7, 2015 but were filed on October 8, 2015.

Permit Cost, through which Liberty Utilities recovers costs associated with its GHG compliance obligations, and the amount of GHG allowance proceeds to be returned to small businesses and residential customers through the California Climate Credit.

In decisions issued in R.11-03-012 and in D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, the Commission adopted methodologies and procedures to be used for: (1) determining forecast and recorded GHG costs and allowance proceeds; and (2) reconciling recorded GHG costs and allowance proceeds with forecasts from prior years. This decision uses the standards adopted in those decisions to review Liberty Utilities' current application to determine the reasonableness of both the recorded and forecasted variables that must be examined to determine rate changes and the California Climate Credit.

The variables are:

1. **Recorded and Forecast Allowance Proceeds.** These are the proceeds received by a utility as a result of selling the allowances allocated to ratepayers by the state.
2. **Recorded and Forecast Administrative and Customer Outreach Expenses.** These are the expenses incurred by a utility for administrative and customer outreach activities that relate to the allowance proceeds return program.
3. **Recorded and Forecast Expenses for Approved Incremental Energy Efficiency (EE) and Clean Energy Programs.** D.12-12-033 allows utilities to use a portion of allowance proceeds to fund EE and clean energy programs that have been approved by the Commission in other proceedings.
4. **Recorded and Forecast Emissions-Intensive and Trade-Exposed (EITE) Customer Return.** Using

methodologies developed in R.11-03-012, a portion of allowance proceeds are returned to customers who qualify as EITE.⁸

5. **Volumetric Small Businesses Return.** Using a methodology adopted in R.11-03-012, a portion of allowance proceeds are returned to customers who meet the definition of small business developed in R.11-03-012.⁹ The Forecast Small Business Return is volumetric; it is calculated using the Forecast GHG Cost (*see* Item 7 below), the small business assistance factor, and the volume of electricity used by the customer and is returned as a credit to the delivery component of the customer's monthly bill.
6. **Residential California Climate Credit.** The Climate Credit is distributed to residential households after all the above expenses and customer returns have been made. It appears as a credit on the customer's bill twice per year. The Climate Credit is not related to the volume of electricity used by the household: each household within a utility's territory receives the same Climate Credit.¹⁰
7. **Recorded and Forecast GHG Costs.** These are the GHG emissions costs incurred directly or indirectly by a utility as a result of the GHG Cap-and-Trade Program. Direct costs include, generally, the costs incurred to purchase compliance instruments¹¹ for plants run by the utility or

⁸ D.14-12-037, as corrected by D.15-08-006, adopted GHG allowance proceeds allocation formulas and distribution methodologies for EITE customers.

⁹ D.13-12-002 adopted a methodology to determine the amount of GHG allowance proceeds each qualifying small business should receive.

¹⁰ In D.12-12-033, the Commission also authorized a volumetric residential rate return, which only applies to electricity usage above Tier 2 for the three large electric utilities and does not apply to Liberty Utilities.

¹¹ A covered entity must surrender one compliance instrument for each metric ton of carbon dioxide equivalent of GHG emissions for its compliance obligations. Allowances and offsets are the two types of compliance instruments in the Cap-and-Trade Program. (Cal. Code Regs.,

Footnote continued on next page

the cost of providing physical or financial settlement specifically for GHG emissions from plants not owned or operated by the utility. Indirect costs generally reflect GHG costs embedded in the price of power purchased on the market or through contracts that do not include GHG settlement terms.

3.1. Recorded and Forecast GHG Allowance Proceeds

Each utility forecasts and records the total allowance proceeds it receives each year. To determine the amount of proceeds available to return to customers in the forecast year, the utility adjusts the forecast allowance proceeds to account for: (1) any variance between the forecast and recorded allowance proceeds in previous years that resulted in an over or under collection; (2) any applicable interest; (3) any applicable franchise fees and uncollectibles; and (4) outreach and administrative expenses.

Liberty Utilities forecasts 2016 GHG allowance proceeds of \$2,864,333. Liberty Utilities forecasts a balance of \$1,816 in its GHG revenue balancing account¹² as of December 31, 2015. Adjusting for the forecasted revenue balance, applicable interest, franchise fees and uncollectibles, and outreach and administrative expenses,¹³ Liberty Utilities projects that the total GHG proceeds available for return to customers in 2016 is \$2,620,595.¹⁴

Liberty Utilities' forecast of allowance proceeds that it expects to return to customers in 2016 was calculated in a manner consistent with D.12-12-033 and

tit. 17, § 95802, subd. (a)(53).) The regulation also limits the use of offsets to no more than 8% of compliance instruments in a compliance period. (Cal. Code of Regs., tit. 17, § 95854.)

¹² In D.12-12-033, the Commission directed Liberty Utilities to establish a balancing account to track GHG proceeds.

¹³ The reasonableness of the outreach and administrative expenses is discussed below.

¹⁴ Exhibit 1 to A.15-08-007, Template D-1.

D.14-10-033. Therefore, this decision authorizes Liberty Utilities to return the allowance proceeds to small business customers and residential customers in the manner described below.

3.2. Recorded and Forecast Administrative and Outreach Expenses

3.2.1. Administrative Expenses

Liberty Utilities forecasted 2014 administrative expenses of \$163,492. Recorded administrative expenses in 2014 were \$172,165, resulting in an undercollection of approximately \$8,000. Liberty Utilities explains in its testimony that it did not properly account for its financial and banking fees in its 2014 forecast. Moreover, its ARB fees were higher than forecasted because of an accidental overpayment, which will result in a credit that will be reflected in its reconciliation of 2015 expenses. However, its consultant expenses were substantially lower than forecasted.

Liberty Utilities' testimony itemizes and provides sufficient explanation of its recorded 2014 administrative expenses.¹⁵ Liberty Utilities' 2014 administrative activities were reasonable to implement the Climate Credit and pursuant to D.12-12-033, it is appropriate for Liberty Utilities to recover these expenses through allowance proceeds.

Liberty Utilities' 2016 forecast GHG administrative expenses are \$202,500 for legal services, financial and banking fees, consultants, workshop travel, data subscriptions, ARB charges, and third-party verification fees. Liberty expects

¹⁵ Exhibit Liberty-1 at 1-4 to 1-5.

that its 2016 administrative expenses will stay around the same as forecasted for 2015.¹⁶

Liberty Utilities' forecast 2016 administrative expenses are reasonable for the purpose of calculating proceeds available for the 2016 residential Climate Credit. The forecast is subject to reconciliation in subsequent proceedings and to further reasonableness review at the time of the reconciliation.

3.2.2. Outreach Expenses

Liberty Utilities forecasted 2014 customer outreach expenses of \$43,027, and its recorded outreach expenses for 2014 were \$51,367. Liberty Utilities' expenses were approximately \$8,000 more than forecast, which Liberty Utilities explains was due primarily to additional communications planning needed to catch-up on customer outreach and education.¹⁷ Customer outreach activities in 2014 included developing a marketing plan and materials, bill insert printing and handling, and communications planning and coordination.

Liberty Utilities' 2014 outreach activities and expenses were reasonable to further customer understanding and awareness of the Climate Credit as required by Public Utilities Code Section 748.5(b). Pursuant to D.12-12-033, these outreach expenses are appropriately recovered through allowance proceeds.

Liberty Utilities forecasts 2016 customer outreach expenses of \$42,965, which is comparable to its outreach budgets for 2014 and 2015.¹⁸ Liberty Utilities explains that its customers have responded positively to its past outreach efforts

¹⁶ Exhibit Liberty-1 at 1-2. Liberty had forecasted administrative expenses of \$201,866 for 2015. (D.14-12-047 at 10.)

¹⁷ Exhibit Liberty-1 at 1-5.

¹⁸ Exhibit Liberty-1 at 1-3; D.14-12-047 at 10-11.

and that it plans to maintain similar strategies in 2016, including print, radio and television media, bill inserts and “earned media,” as well as website outreach.¹⁹

Liberty Utilities’ forecast 2016 customer outreach expenses are comparable to budgets in previous years and are reasonable for the purpose of calculating proceeds available for the 2016 residential Climate Credit. The forecast is subject to reconciliation in subsequent proceedings and to further reasonableness review at the time of the reconciliation.

3.3. Recorded and Forecast Expenses Approved for Incremental Energy Efficiency (EE) and Clean Energy Programs

Liberty Utilities has not requested or received approval of clean energy and EE projects in accordance with D.12-12-033, so it does not forecast or record an amount for this variable. Therefore, this variable is not a factor in this decision.

3.4. Recorded and Forecast EITE Customer Return

To date, Liberty Utilities has not identified any customers that qualify for the CA Industry Assistance Credit to EITE customers. Therefore, Liberty Utilities appropriately did not allocate any allowance proceeds to EITEs in 2014 or 2015 and forecasted that no proceeds would be distributed to EITEs in 2016. If EITEs are identified in Liberty Utilities’ service territory in the future, future applications should account for this.

3.5. Volumetric Small Business Return

In accordance with D.12-12-033 and D.13-12-002, Liberty Utilities distributes its Small Business Return through monthly volumetric credits.

¹⁹ Exhibit Liberty-1 at 1-3.

Liberty Utilities' calculation of the small business Climate Credit for 2016 is based on the forecast 2016 GHG revenue requirement with adjustments for a previous error in distributing the small business Climate Credit in 2015²⁰ and a 90% Industry Assistance Factor.²¹ The credit is applied as a line-item, per kilowatt-hour credit on the delivery component of customers' monthly bills.

Liberty Utilities' 2016 forecast for its Small Business Return is \$374,010.²² Liberty Utilities appropriately calculated its 2016 Small Business Return consistent with the methodology set forth in D.12-12-033 and D.13-12-002. Therefore, Liberty Utilities' 2016 Small Business Return is approved.

3.6. Residential California Climate Credit

Liberty Utilities calculated a semi-annual residential Climate Credit of \$26.99 per household to be distributed in April and October 2016.²³ Liberty Utilities appropriately forecasted the total proceeds available for the residential Climate Credit as the net GHG proceeds for 2016 less the forecast return to small business customers. The resulting semi-annual climate credit is equal to half of the total proceeds available for the residential Climate Credit divided by the number of households eligible for the credit. Therefore, Liberty Utilities' 2016 semi-annual residential Climate Credit of \$26.99 per household is approved.

²⁰ Liberty Utilities' Advice Letter 44-E, filed on March 27, 2015, contained an error regarding the calculation of the small business Climate Credit rate, which went into effect on April 1, 2015. In Advice Letter 44-E-A, filed on May 29, 2015, Liberty Utilities adjusted the small business Climate Credit for the remainder of the year to reconcile the credit amounts. In this instant application, Liberty Utilities applies an additional reconciliation of the 2015 small business Climate Credit to adjust its 2016 small business Climate Credit rate.

²¹ The Industry Assistance Factors are set forth in D.13-12-002, Appendix 2, Table 2.

²² Exhibit 1 to A.15-08-007, Template D-1.

²³ Exhibit 1 to A.15-08-007, Template D-1.

3.7. Recorded and Forecast GHG Costs

Liberty Utilities recovers costs associated with its GHG compliance obligations through its Carbon Pollution Permit Cost. Liberty Utilities requests approval of its forecast 2016 GHG costs and reconciliation of its 2014 and 2015 GHG costs for recovery in rates and for the purpose of calculating the 2016 volumetric small business Climate Credit.

Liberty Utilities reports that it has only direct GHG costs, and no indirect costs. Therefore, pursuant to the confidentiality protocols in D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, Liberty Utilities' GHG costs in its application and testimony are confidential.

For the purpose of reporting recorded direct GHG costs, D.14-10-033 required each utility to multiply recorded direct GHG emissions by the weighted average cost (WAC) of eligible compliance instruments that it holds in inventory. At any period in time, the WAC is calculated as the total cost of all compliance instruments held in inventory, divided by the total quantity of compliance instruments.

Liberty Utilities reported its recorded direct GHG costs confidentially in Template D-2 of Exhibit 1. Recorded costs in 2014 and 2015 represent the accrued total emissions multiplied by the WAC of compliance instruments in inventory. Liberty Utilities reported its monthly WAC calculations confidentially in Exhibit 1 in accordance with the WAC template developed in D.14-10-033, as corrected by D.14-10-055 and D.15-01-024.

Liberty Utilities correctly calculated its 2014 and 2015 recorded costs and these costs are approved. The 2014 and 2015 GHG costs will be subject to further true-up in next year's GHG application.

Liberty Utilities also reported its 2016 forecast GHG costs confidentially in Template D-2 of Exhibit 1. Liberty Utilities calculated its 2016 GHG revenue requirement based on its forecast 2016 costs, reconciliation of costs from previous years, and adjustment for franchise fees and uncollectibles.

Liberty Utilities' forecast of 2016 GHG costs and calculation of its 2016 GHG revenue requirement follow the methodologies required by D.14-10-033, as corrected by D.14-10-055 and D.15-01-024. Therefore, Liberty Utilities is authorized to modify its tariffs to recover its forecasted 2016 GHG costs, as reconciled to reflect recorded GHG costs in previous years and adjusted to account for franchise fees and uncollectibles, in rates beginning January 1, 2016. The resulting rate impact by rate schedule is set forth in Exhibit 1, Template D-4.

3.8. Summary Table

Table 1 summarizes the approved calculation of allowance proceeds returns for 2016.²⁴

**Table 1: Summary of Liberty Utilities' Approved
2016 Forecast GHG Proceeds Returns**

Allowance Proceeds Balance from Prior Years	(\$1,816)
Forecast Allowance Proceeds for 2016	(\$2,864,333)
Interest	(\$3,437)
Franchise Fees and Uncollectibles	\$3,534
Forecast Outreach and Administrative Expenses	\$245,457
Net GHG Proceeds Available for Customers in Forecast Year	(\$2,620,595)
Small Business Volumetric Return	\$374,010
Proceeds Available for Climate Credit	(\$2,246,586)

²⁴ The totals do not add up due to rounding.

Number of Households Eligible for the California Climate Credit	41,614
Per-Household Semi-Annual Climate Credit	\$26.99

4. Motions to Substitute Exhibit 1 and For Confidential Treatment of Exhibit 1

On August 3, 2015, concurrent with the filing of A.15-08-007, Liberty Utilities filed a motion to file the confidential information included in Exhibit 1 attached to the application under seal. Exhibit 1 consists of templates that the Commission has required utilities provide with their GHG forecast and reconciliation applications.²⁵

Liberty Utilities subsequently made corrections to the emissions intensity levels reported in Template D-5 of Exhibit 1. On October 8, 2015, Liberty Utilities filed a motion for leave to withdraw the public and confidential versions of Exhibit 1 and to substitute the corrected public and confidential versions of Exhibit 1.

Liberty Utilities later made additional corrections to Exhibit 1 involving the small business Climate Credit, reconciliation of outreach and administrative costs, and historic carbon intensity figures. On November 6, 2015, Liberty Utilities filed a second motion for leave to withdraw the public and confidential versions of Exhibit 1 and to substitute the corrected public and confidential versions of Exhibit 1. According to Liberty Utilities, its October 8, 2015, motion is now moot and should be denied. Liberty Utilities also requested that its

²⁵ See D.14-10-033, Attachment D, as corrected by D.14-10-055 and D.15-01-024.

August 3, 2015 motion for confidential treatment of Exhibit 1 apply to the substituted copy of the corrected Exhibit 1.

We agree that Liberty Utilities' October 8, 2015, motion for leave to withdraw Exhibit 1 and substitute the corrected Exhibit 1 is moot in light of its November 6, 2015 motion. Therefore, the October 8, 2015, motion is denied as moot.

Liberty Utilities' November 6, 2015, motion for leave to withdraw the public and confidential versions of Exhibit 1 to the application and to substitute the corrected public and confidential versions of Exhibit 1 is granted.²⁶ Consistent with instructions provided by the assigned ALJ at the PHC, we also deem Liberty Utilities' August 3, 2015, motion for confidential treatment to apply to the substituted copy of the corrected Exhibit 1.

In its motion to file select confidential information in Exhibit 1 under seal, Liberty Utilities asserted that the confidential version of Exhibit 1 contains commercially sensitive information relating to its GHG emissions compliance obligations and forecasted costs. According to Liberty Utilities, public disclosure of this information would reveal its auction strategy with regard to the Cap-and-Trade Program and place it at an unfair competitive disadvantage.

Information related to GHG allowance trading is subject to the Commission's and to ARB's rules on confidential information.²⁷ D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, set forth Confidentiality Protocols and

²⁶ Unless otherwise specified, all references to Exhibit 1 in this decision refer to the corrected Exhibit 1 served and filed on November 6, 2015.

²⁷ Cal. Code of Regs., tit. 17, § 95914, subd. (c).

a Confidentiality Matrix for GHG-related information for use in Commission proceedings.

The confidential version of Exhibit 1 contains commercially sensitive material and information that falls under the “ARB Confidential” and “Confidential” categories in the Confidentiality Matrix. Therefore, the motion to file under seal is hereby granted and the confidential treatment of Exhibit 1 is affirmed on the terms set forth in the Confidentiality Matrix.

5. Motions to Supplement Testimony and Admit Previously Served Testimony into the Record

On October 8, 2015, Liberty Utilities filed a motion to supplement prepared testimony it had previously served on August 3, 2015, and to admit the complete testimony into the evidentiary record.²⁸

On November 6, 2015, Liberty Utilities filed a second motion to supplement prepared testimony previously served on August 3, 2015 and October 7, 2015, and to admit the complete testimony into the evidentiary record.

We mark the prepared testimony of Liberty Utilities, as served on August 3, 2015, and supplemented on October 7, 2015, and November 6, 2015, as Exhibit Liberty-1. Rule 13.8(c) of the Commission’s Rules of Practice and Procedure allows for prepared testimony to be offered into evidence by written motion when hearings are not held. We therefore receive Exhibit Liberty-1 into the record.

6. Categorization and Need for Hearings

In Resolution 176-3362, dated August 27, 2015, the Commission preliminarily categorized this proceeding as ratesetting and preliminarily

²⁸ Liberty Utilities served this supplemental testimony on October 7, 2015.

determined that evidentiary hearings are necessary. Liberty Utilities' application was uncontested and evidentiary hearings were not necessary to resolve its application. Therefore, the preliminary determination is changed to hearings are not necessary.

7. Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

8. Assignment of Proceeding

Carla J. Peterman is the assigned Commissioner and Sophia J. Park is the assigned ALJ in this proceeding.

Findings of Fact

1. In D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, the Commission required Liberty Utilities to file an annual application forecasting its GHG-related costs and allowance proceeds for inclusion in rates, and reconciling recorded GHG-related costs and allowance proceeds with forecasts from prior years.
2. The forecast of GHG allowance proceeds to be returned to customers in 2016 is \$2,620,595.
3. The recorded customer outreach expenses for 2014 are \$51,367
4. The forecast customer outreach expenses for 2016 are \$42,965.
5. The recorded administrative expenses for 2014 are \$172,165.
6. The forecast administrative expenses for 2016 are \$202,500.

7. Liberty Utilities has not requested or received approval of a clean energy or energy efficiency program for which allowance proceeds could be used pursuant to D.12-12-033.

8. Liberty Utilities does not have any known EITE customers as of the date of its application.

9. The 2016 forecast for the volumetric small business return is \$374,010.

10. Liberty Utilities calculated a 2016 semi-annual residential California Climate Credit of \$26.99 per household.

11. Liberty Utilities reported its recorded and forecast GHG costs confidentially in Exhibit 1 to A.15-08-007.

12. In Resolution 176-3362, dated August 27, 2015, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that evidentiary hearings are necessary.

Conclusions of Law

1. Liberty Utilities appropriately forecasted and reconciled its GHG-related costs, expenses, and allowance proceeds consistent with the methodologies set forth in D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, and the other decisions issued in R.11-03-012 as of today's date.

2. The recorded and forecast customer outreach expenses are reasonable.

3. The recorded and forecast administrative expenses are reasonable.

4. Liberty Utilities' calculation of its 2016 revenue requirement associated with GHG costs follows the methodology required by D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, and should be approved.

5. Liberty Utilities appropriately calculated the amounts of GHG allowance proceeds to be returned to customers in 2016 and these amounts should be approved as set forth in Table 1 of the decision.

6. Liberty Utilities' motion to admit its prepared testimony served on August 3, 2015, and supplemented on October 7, 2015, and November 6, 2015 into the record should be granted.

7. Exhibit 1 to A.15-08-007 contains commercially sensitive material and trading information relating to the ARB's Cap-and-Trade Program that is entitled to confidential treatment under the Confidentiality Protocols and Confidentiality Matrix set forth in D.14-10-033, as corrected by D.14-10-055 and D.15-01-024.

8. Liberty Utilities' motion for confidential treatment of select information in Exhibit 1 to A.15-08-007 should be granted.

9. The preliminary determination made in Resolution ALJ 176-3362 of the need for hearings should be changed to hearings are not necessary.

O R D E R

IT IS ORDERED that:

1. The application of Liberty Utilities (CalPeco Electric) LLC for approval of its 2016 Greenhouse Gas Cost and Revenue Forecast and Reconciliation, Application 15-08-007, is approved.

2. Liberty Utilities (CalPeco Electric) LLC shall file a Tier 1 Advice Letter before January 1, 2016 with tariffs to implement the rates authorized by this decision and to issue the semi-annual residential Climate Credit of \$26.99 and monthly volumetric small business Climate Credit offsetting 90 percent of greenhouse gas costs in rates. The revised tariffs shall become effective on January 1, 2016.

3. All forecasts approved in this proceeding are subject to reconciliation of costs and proceeds in subsequent greenhouse gas forecast and reconciliation

applications. Outreach and administrative expenses are subject to further reasonableness review at the time of the reconciliation.

4. Liberty Utilities (CalPeco Electric) LLC's motion for leave to withdraw Exhibit 1 to Application 15-08-007 and to substitute the corrected Exhibit 1, filed on October 8, 2015, is denied as moot.

5. Liberty Utilities (CalPeco Electric) LLC's motion for leave to withdraw Exhibit 1 to Application 15-08-007 and to substitute the corrected Exhibit 1, filed on November 6, 2015, is granted.

6. Liberty Utilities (CalPeco Electric) LLC's motion to submit under seal confidential information contained in Exhibit 1 to Application 15-08-007 is granted. This information will remain under seal under the applicable terms set forth in the Confidentiality Matrix attached to Decision (D.) 14-10-033, as corrected by D.14-10-055 and D.15-01-024, and shall not be made accessible or disclosed to persons other than the Commission and its staff except on further Commission order or Administrative Law Judge ruling.

7. Liberty Utilities (CalPeco Electric) LLC's prepared testimony served on August 3, 2015, and supplemented on October 7, 2015 and November 6, 2015, is marked as Exhibit Liberty-1. Liberty Utilities' motion to admit Exhibit Liberty-1 into the record is granted.

8. The preliminary determination made in Resolution ALJ 176-3362 of the need for hearings is changed to hearings are not necessary.

9. Application 15-08-007 is closed.

This order is effective today.

Dated _____, at San Francisco, California.